

# Fiscal Note

*Fiscal Services Division*



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**SF 466** – Revenue Department Policy Administration Bill (LSB 1363SV)  
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Fiscal Note Version – New

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## **Description**

**Senate File 466** relates to the administration of tax and revenue laws by the Department of Revenue. Two provisions of the Bill have potential significant fiscal impacts:

- Division II makes changes to the endow Iowa tax credit effective for tax year 2010. The changes include:
  - Increases the credit percentage from 20.0% to 25.0% of the qualified contribution.
  - Increases the annual cap on total tax credits from \$2.0 million to \$3.0 million.
  - Prevents a taxpayer claiming the endow Iowa tax credit from also claiming an Iowa income tax deduction for the same contribution.
- Division IX changes a requirement that the Newton racetrack be owned at least 60.0% by Iowa residents in order to receive a special sales tax rebate. The Bill changes the required ownership percentage to 25.0%.

## **Fiscal Impact**

The net impact of changes to the endow Iowa tax credit program will increase net General Fund revenue by \$305,000, beginning in FY 2011.

Under current law, the special sales tax rebate available to the Newton racetrack will be void if the facility is sold (Section 423.4(5)(c)(4), Code of Iowa). Therefore, if the facility is sold and continues to operate, annual net General Fund revenue will increase approximately \$500,000 since the special sales tax rebate will no longer apply.

The Bill allows the sales tax rebate to continue as long as the Iowa ownership percentage is 25.0% or higher. The fiscal impact of Division IX, contingent upon a sale of the facility where the Iowa ownership percentage is between 25.0% and 60.0%, is an annual net General Fund revenue reduction of \$500,000, effective the date of the sale.

## **Sources**

Iowa Department of Revenue (IDR)  
IDR Revenue Estimating Conference Brief, March 2009  
Legislative Services Agency Analysis

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/s/ Holly M. Lyons

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to [Section 2.56, Code of Iowa](#). Data used in developing this fiscal note, including correctional and minority impact information, is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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